SECRET

November 14 and 15, 1949

(170)

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POINTS ARISING FROM A DISCUSSION OF THE REPORT OF THE ECONOMIC SURVEY MISSION

1. The proposal of the Economic Survey Mission to set up a new agency for the administration of relief and relief works projects was exhaustively discussed. In approaching this problem the Foreign Office said that they had seven criteria:

(a) That the transition from relief to relief works be made as soon as possible.

(b) That any new agency set up should not be administered or controlled by the secretariat of the United Nations.

(c) That the new agency should not include Slav or other undesirable membership; and should, if possible, be composed of British, American, French and Turkish representatives, i.e. the same membership as the Economic Survey Mission.

(d) That the local governments should be associated as closely as possible in responsibility for the execution of the program.

(e) That the new agency should not, at this state, be made responsible for all development in the Middle East Area as a whole.

(f) That the proposed arrangement should not involve any government directly in the responsibility of handing relief funds raised under U.N. auspices.

(g) That the U.K.'s contribution could be in non-convertible sterling only.

2. The United States Government agreed with the above criteria and emphasized their anxiety to avoid national responsibility for the distribution of funds derived from international sources. From their point of view, it is essential that the Clapp Report lays the basis for long-term development program as the situation arising from the war in Palestine was the only basis on which funds for development in the Near East could be requested from Congress at this time.

3. In considering national contributions the U.S. representatives saw no reason why the U.K. £1 million interest-free loan to Jordan should not be considered (for "matching purposes") as part of the U.K. subscription, the extent of which would have to be considered further in London. The U.S. Government indicated that it was not its policy to consider extending loans to countries not fully credit-worthy.

4. As a

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4. As a result of the discussions, agreement was reached on the attached draft resolutions and the supporting State Department memorandu subject to drafting amendments. (Also attached is a revised draft of the resolution.)

(Approved by Mr. McGhee and Mr. Michael Wright November 20, 1949)